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DEPARTMENT FOR NEA/ELA, NEA/ELA FOR KNOFF

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TAGS: [PREL](#) [PGOV](#) [KPAL](#) [KWBG](#) [IS](#) [PA](#) [EG](#)  
SUBJECT: EGYPTIAN MFA UPDATE ON PALESTINIAN RECONCILIATION  
TALKS

REF: A. CAIRO 107  
[1](#)B. CAIRO 657

Classified By: Counselor for Economic and Political Affairs Catherine Hill-Herndon for reasons 1.4 (b) and (d).

[1](#)1. (C) Key Points:

-- The fourth round of the Cairo Dialogue on Palestinian reconciliation yielded no results. Egypt has temporarily shelved its proposal to create a Palestinian committee to oversee reconstruction, security reform, and the January 2010 elections.

-- The Government of Egypt (GOE) sees potential for resolving the issue of legislative representation, but there is little progress on security issues and the creation of a temporary legislative body.

-- Both Fatah and HAMAS believe that time is on their side and feel no urgency for reconciliation. Egypt believes reconciliation is urgent because politically it cannot sustain the current "blockade of Gaza" for another year, and the GOE feels another year of Israeli settlement activity could make a "land for peace" deal impossible. The MFA stated that the lack of a deal will create domestic problems for the GOE in the Sinai, and in the court of public opinion.

-- The Egyptian Ministry of Foreign Affairs (MFA) does not agree with the Egyptian General Intelligence Services (EGIS) that the upcoming Palestinian elections will restore Fatah's legitimacy and return the party to power in Gaza. The MFA believes that under the status quo, HAMAS will narrowly win elections and gain more legitimacy and popularity in Gaza and the West Bank.

[1](#)2. (S) Comment: Yasser Osman, head of the Palestine Department of the Egyptian MFA, assumes his post as the Egyptian MFA's representative in Ramallah on June 1. He was frustrated by the lack of progress on Palestinian reconciliation and was looking for a way to convince the USG of the urgency of reconciliation. The GOE is hoping to conclude some agreement between the factions on legislative representation during the fifth round of talks on May 16-17. The MFA is definitely playing second fiddle to EGIS on the Palestinian file, and Osman did not appear to have any insight on any other potential agreements. Egypt's cooperation on the Gaza border puts it in a difficult position with its citizens in North Sinai, who are directly and indirectly affected by the GOE border policies (reftels A, B). End Comment.

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Palestinian Reconciliation Talks Stalled  
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13. (C) Yasser Osman, head of the Palestine Department at the Egyptian MFA, told us on May 4 that progress on Palestinian reconciliation was "slow" and the "heart of the issue is still pending." He said that recent Egyptian efforts at reconciliation had not been very successful. Osman told us that the Palestinian Authority (PA) expressed reservations about the Egyptian proposal to form a Palestinian committee to oversee reconstruction, security reform, and the January 2010 elections. The PA was concerned that the committee would undermine the authority of the President Abbas. He said that HAMAS considered the proposal, but insisted that the committee operate above the two governments in the West Bank and Gaza, have responsibility for rebuilding the security apparatus in the West Bank and Gaza, and oversee preparations for the elections. Osman told us that the Government of Egypt (GOE) could not accept HAMAS' proposal so it decided to temporarily shelve the proposal.

14. (C) The GOE then focused on trying to broker an agreement on security issues, elections, and the role of the Palestine Liberation Organization (PLO) and the Palestinian National Council (PNC). On the security issues, Fatah proposed the creation of a 10,000-person temporary joint force in Gaza to help with election preparations, and provide security until the security apparatus in Gaza could be rebuilt. However, HAMAS did not accept this idea and preferred an "as is" security arrangement until after the elections. Osman said that the GOE knows the HAMAS proposal won't work. He told us that if something doesn't happen on security, it will bring into doubt the credibility of the January 2010 elections.

15. (C) Osman told us that there were negotiations on how the  
CAIRO 00000773 002 OF 003

election results will determine legislative representation. There was agreement that any representation should be a mixture between proportional and district representation. Fatah proposed 85 percent of the representatives would be based on proportional basis, while 15 percent would come from district representatives. However, HAMAS countered with 60% proportional and 40% district. Egypt proposed a compromise of 75-25 compromise, which it hopes will be accepted in the fifth round of discussions, scheduled for May 16-17.

16. (C) HAMAS and Fatah also discussed the role of the PNC and PLO. Egypt suggested a "temporary framework" under the auspices of the Palestine Liberation Organization (PLO) so as not to undermine President Abbas. This body include representatives from HAMAS and Islamic Jihad, and would serve as a transitional body before PNC elections. HAMAS insisted that any legislative body allow "voting by proxy" because it has some of its PNC members are in Israeli jails. However, Fatah refused this proposal because it is "illegal" according to the Palestinian constitution. Fatah is concerned that HAMAS wants to re-activate the PNC against Abbas and believes that HAMAS could use the PNC to take over if there are no elections in January 2010.

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HAMAS and Fatah Playing a Waiting Game  
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17. (C) Osman told us that the GOE feels it is paramount to have both reconciliation and peace talks occurring concurrently. He said that the GOE fears that if the situation continues for another year, it will be impossible for Fatah to win the elections, the continual construction of Israeli settlements will make the status of Jerusalem a "fait accompli," and there will be "no possibility of land for peace." He said that a delay is the "recipe for another intifada" in the West Bank and an eruption of violence in Gaza. Osman said that Abbas can start peace talks with Israel, but cannot conclude anything without reconciling first with the other factions. Egypt doesn't want the HAMAS military movement in Gaza, but we have to accept that HAMAS

is part of the Palestinian identity and turn it into a political movement.

18. (S) Osman does not expect a solution in the near future because neither Fatah nor HAMAS see the urgency of reconciliation. Abbas and Fatah want to wait on reconciliation until they restart peace talks with the Government of Israel (GOI). Fatah believes that engagement with the new administration in Washington, and new peace talks, will strengthen its position in the West Bank, give it more international credibility, and solidify its security and financial positions. HAMAS says that time is on its side as the new Israeli Government will "give Abbas nothing," and he will lose credibility with the people. Thus, HAMAS expects to do better than Fatah in the elections. HAMAS also feels that U.S. engagement with Syria and Iran will lead to a softening of the U.S. position against HAMAS.

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Egypt Will Pay the Price  
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19. (S) Osman told us that the GOE believes reconciliation is urgent because it cannot maintain the current "blockade of Gaza" for another year. He stated that Gaza is a "time bomb" that will explode, and opening the border every once in a while is not enough to diffuse the pressure. Osman also said that the blockade was making Gaza "more radicalized" and that young Gazans "hate Egypt." He stated that the tension in the Palestinian territories is directly reflected in the Sinai, especially among those who share familial and tribal links with the population in Gaza. Osman said that Egyptian public opinion based on news, from stations like Al Jazeera, was also adding to the pressure on the GOE. He said that Egypt does not know how it can maintain stability in Gaza and Sinai over the next year without significant changes in the situation on the ground. In order to change things, Osman said that Israel must cooperate, but he stated that Israel is not cooperating on efforts to find a solution to the Palestinian problems. He asked the USG to help to get the GOI to cooperate.

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Arab League Fact Finding Report May Fault Egypt  
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110. (S) Osman showed us the findings of the Arab League

CAIRO 00000773 003 OF 003

fact-finding report on Gaza that will be discussed in the AL emergency meeting on May 7. The report calls on Egypt to open the Rafah border to allow food and humanitarian supplies into Gaza, asks Egypt to allow refugees to flee any conflict in Gaza through Egypt, and suggests that the AL should play a role in facilitating negotiations between Fatah and HAMAS.

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Analytical Differences Between EGIS and MFA  
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111. (S) Osman said that the Egyptian General Intelligence Services (EGIS) and the MFA disagree on Palestinian elections. EGIS believes that the upcoming Palestinian elections will restore Fatah's legitimacy and return the party to power in Gaza. However, the MFA feels that the elections results are far from guaranteed. He said HAMAS may have lost popularity because of the January 2009 conflict, but that does not mean that Fatah gained popularity. Osman told us that the MFA believes, given the status quo, that HAMAS would probably win by a small margin. This result would give HAMAS more legitimacy and popularity in Gaza and the West Bank. He stated that Abbas needs to "personally do something" in Gaza to ease the suffering of the people in order to gain popularity. He recognized the need for Salaam Fayyad to have a role in the Palestinian government, but said Fayyad needs outside support because he is not from a big family or clan.

